



THE DEPUTY SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
UNDER SECRETARY OF DEFENSE (ACQUISITION,
TECHNOLOGY AND LOGISTICS)
UNDER SECRETARY OF DEFENSE
(COMPTROLLER)
GENERAL COUNSEL OF THE DEPARTMENT OF
DEFENSE
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY

SUBJECT: Acquisition of Services Review

The Department of Defense is committed to transforming not only our warfighting capability but also our business processes to ensure that we get the most for our acquisition dollars. Toward that end, I am asking Mr. E. C. "Pete" Aldridge, Jr., Under Secretary of Defense (Acquisition, Technology and Logistics, USD(AT&L)) to initiate a review of DoD's acquisition of services. Each year, the Department spends billions of dollars to buy services ranging from clerical support and consulting services, to information technology services, to the management and operation of government facilities. The ultimate goal of this review will be to achieve improved efficiencies and economies in our acquisition of services resulting in reduced costs and improved effectiveness of the services we receive. This effort is in addition to the Services Contract Oversight Process addressed in the USD(AT&L) memorandum issued on May 31, 2002.

The private sector is capitalizing on the technique of "spend analysis" with resounding success in cost avoidance and increased efficiency and effectiveness. This technique involves a top to bottom, cross functional analysis of data in order to develop strategies necessary to conduct acquisitions as efficiently as possible. DoD can achieve success by following a similar path and looking at DoD spending from a strategic, Department-wide perspective.

Although some analyses have been conducted by individual Military Departments, I want to ensure that we assess the acquisition of services from a departmental perspective to ascertain whether savings and increased efficiencies can be obtained on a much larger scale. The Defense Procurement and Acquisition Policy (DPAP) office within OUSD (AT&L) will lead an Integrated Process Team (IPT) dedicated towards accomplishing this goal. The IPT will be

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charged with reviewing the acquisition of services and completing a strategic spend analysis by September 15, 2003. The results of the spend analysis will be utilized to develop pilot programs for implementation resulting in increased efficiencies for the Department. The IPT will also ensure that small business goals are appropriately addressed. The goal is to provide customers throughout the Department with services that are acquired in the most efficient and advantageous manner for the Department.

Please provide the name, telephone number and email address of your IPT representative to the DPAP point of contact listed below by February 14, 2003. The point of contact is Mr. David Boyd, OUSD(AT&L)/DPAP/DP 703-697-6710, David.Boyd@OSD.MIL.

A handwritten signature in black ink, appearing to read "Paul Wolfowitz". The signature is fluid and cursive, with a long horizontal stroke at the end.